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IS ENTREPRENEURSHIP A PROFESSION? (SUMMARY)

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Principal Topics

Schumpeter (1934) stated that entrepreneurship is not a profession and that being an entrepreneur is not a lasting condition; whereas Drucker (1985) claimed that entrepreneurship is a discipline and can be learned. We reason that if entrepreneurship is a profession or discipline then basic entrepreneurial skills can be learned in school and enhanced with real-world experience as a practicing entrepreneur. We propose that serial entrepreneurs should outperform one-timers and should get increasingly better with each successive new venture. (One-timers are entrepreneurs who have founded only one company.)

Method

Our hypotheses are as follows:

*H1: Serial entrepreneurs raise more startup capital than one-timers.*
*H2: Businesses run by serial entrepreneurs outperform those run by one-timers.*

We emailed a 55-question survey to 14,920 alumni of Babson College. We examined 913 alumni who had founded or co-founded one or more independent businesses for which they worked full time. 540 were one-time and 373 were serial entrepreneurs.

Results and Implications

Serial entrepreneurs raised more startup capital than one-timers (p = 0.000). The amount of entrepreneurship education correlated with the amount of startup money raised by both serial and one-time entrepreneurs (p = 0.003). Professional age, which is the time from graduation to starting a venture, correlated with the amount of money raised by both serials and one-timers (p = 0.02).

When it came to operating their businesses there was no difference between the performance of serials and one-timers. The only variable that correlated with performance for both one-timers and serials was professional age; it peaked at approximately 10 years. The most striking finding is that professional age, regardless of whether or not it included entrepreneurship experience, had the strongest correlation with both startup and operating performance. Prior startup experience correlated only with startup performance but not with operating performance. This suggests that Schumpeter (1934) was correct to claim that entrepreneurship is not a profession in the classic sense such as accounting, engineering, medicine, and law are, because if it were, operating performance should improve with entrepreneurial experience. However, at the startup stage both entrepreneurship education and prior entrepreneurial experience correlated with amount of startup money raised. We believe it indicates that parts of the startup process are a discipline that can be learned; which is limited support for Drucker’s claim.

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